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ED file.

OLL 85-2563
27 August 1985

MEMORANDUM FOR: Director for Administration

VIA: Acting Chief, Liaison Division, OLL

STAT FROM: [redacted]

SUBJECT: Meeting with Jamie Cowan regarding CIA Retirement Plans

1. On 27 August, I met with Jamie Cowan, the primary staffer working on supplemental retirement legislation for Senator Ted Stevens (R-AK). I told Jamie that the Agency appreciated his interest and support and wanted him to have advance warning of our interest in having a separate retirement plan. I explained that in essence, we wanted to retain current benefits and criteria in one plan to be administered in-house. I said that we were still meeting with OMB and soon would brief the Oversight Committees.

2. Jamie was very surprised; he had had no idea that the Agency was moving in this direction. He stated that he was very grateful for the advance information and promised to "sit on it." I asked Jamie for his candid reactions and advice. He was quick to state the following:

°I have a pretty good idea what CIA does and I just don't think that you are all that unique. I don't think that you can justify having a separate system that is different from the rest of government.

°I think that you are going to have a really tough time just getting your proposal past your Oversight Committees. Senator Durenberger, Chairman of your Committee, likes the

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3. With respect to our response to the Committee's request for reactions to the Stevens/Roth supplemental retirement bill, Jamie said that the more complete the response the better for the Committee's purposes. I told Jamie that we wanted to state the Agency's case in terms of retirement needs rather than write a critique of the bill. He said that this would be fine.

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4. The chances that Congress will pass supplemental retirement legislation this year or in the early part of next year now are high. Senator Stevens would likely reverse his threat to block an extension of the temporary stop gap situation if Congress is very close to agreement and runs out of time. If the present bipartisan move toward agreement falls apart, Senator Stevens would likely put his bill on ice in Alaska. Disagreements on the legislation will focus on the overall cost to the government, the balance between the defined benefit (basic plan) and the defined contribution (thrift plan), and on COLA. On all issues there are three points of view: the Senate position is in the middle between the fiscally conservative Administration and the House, which favors a more generous package.

5. As of today, I expect that within one week after the 9 - 11 September Senate Government Affairs hearings, the Committee will mark up and vote the Stevens bill out with very few changes. The Senate will approve the bill with only minor changes. The House Post Office Civil Service Committee will likely hold hearings on the Stevens proposal, even though some House staffers think that this step in the process is not necessary, given the numerous hearings that have already been held. The House Committee will probably offer an amendment in the form of a substitution and vote the measure out of Committee. The amended proposal will pass the House, and Senate and House conferees will hammer out the differences.

6. I doubt that all of this will happen before Congress adjourns, given the work already in queue. I expect, however, there will be a suplemental retirement law on the books by March 1986. The temporary stop gap whereby post December 1983 employees do not have to make full contributions to both Civil Service and Social Security (would amount to 14 percent of salary) may or may not be extended. If it is not extended, I expect that Congress would approve a retroactive fix and these employees would be reimbursed.

7. I'm out on the proverbial limb with this scenario, but as you know, it is important for the Agency to calculate its moves for a separate plan. We certainly don't want to be out front waving our retirement flag while negotiations for the rest of government lag far behind or fall apart.

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